

DEPOSITORY LIBRARY MATERIAL

ONTARIO PROPERTY AND SALES TAX GRANTS FOR PENSIONERS

In the Budget of April 22, 1980, the Honourable Frank Miller, Treasurer of Ontario announced a program to reduce the burden of municipal and school taxes and retail sales tax on the Province's senior citizens. Following the Budget statement, the Treasurer introduced The Ontario Pensioners Property Tax Assistance Act, 1980. Under this legislation, Ontario pensioners who qualify will be eligible to receive Property Tax Grants and Sales Tax Grants.

Senior citizens now claim Ontario Property, Sales and Pensioner Tax Credits on their income tax returns. The new Property and Sales Tax Grants will replace these Ontario Tax Credits for Old Age Security pensioners. Grants for 1980 will be paid in the late fall rather than in the spring of 1981.

PROPERTY TAX GRANTS

Eligibility

- Grants will be paid each year to people eligible to receive the Old Age Security pension by January of the following year and who paid property taxes or rent on their principal residence.
- Only one grant will be paid to a married couple, whether one or both spouses receive the Old Age Security pension. Similarly, only one grant will be paid to unmarried pensioners who share accommodation.
- Pensioners residing in homes for the aged and pensioners receiving extended care benefits in nursing homes or similar institutions will not be eligible to receive this grant.

Benefits

- The Property Tax Grant will be equal to occupancy cost or \$500, whichever is less.
- For renters, occupancy cost is 20 per cent of rent.
- For homeowners, occupancy cost is property tax.
- The maximum grant is \$500 per residential unit. If more than one eligible pensioner or pensioner couple reside in the same residential unit as their principal residence, the grant will be apportioned according to rent or property tax paid. When non-eligible and eligible persons reside in the same principal residence, be apportioned according to amounts paid.

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How To Claim

- The Ministry of Revenue will mail application forms in November to all recipients of the Old Age Security pension.
- A grant will be paid when the application is returned to the Ministry.
- For 1981 and subsequent years, pensioners who were eligible in the previous year and continue to be eligible will automatically receive one half of their previous year's entitlement in the spring. No application will be required for this instalment. In the fall, application forms will be sent to pensioners for the final instalment of their grant.
- Pensioners who rent will be required to submit receipts with their applications. Homeowners will not be required to provide receipts as eligibility can be verified through property tax records.

SALES TAX GRANTS

- A \$50 grant will be paid annually to every Old Age Security pensioner. No application is required for this grant. Cheques for 1980 will be issued automatically, late in the year.

EXAMPLE

Pensioner couple receiving Old Age Security

Homeowners

1980 Property tax—\$450

1981 Property tax—\$500

1980		
Occupancy cost	\$450	
Property Tax Grant		\$450
Sales Tax Grants (husband)		50
(wife)		50
TOTAL PENSIONER GRANTS (three cheques)		<u>\$550</u>

1981		
Occupancy cost	\$500	
Property Tax Grant	500	
First instalment (one half of prior year's grant)		\$225
Final instalment (1981 entitlement, \$500, minus first instalment)		275
Sales Tax Grants (husband)		50
(wife)		50
TOTAL PENSIONER GRANTS (four cheques)		<u>\$600</u>

ELIGIBILITY FOR ONTARIO TAX CREDITS

- The Pensioner Tax Credit which is currently claimed under the Ontario Tax Credit System will be repealed.
- For 1980 and subsequent years, persons eligible to receive the Old Age Security pension will not be entitled to claim Ontario Property and Sales Tax Credits. However, persons 65 or over not entitled to Old Age Security may still claim Ontario Property and Sales Tax Credits.
- A person whose spouse receives the Old Age Security pension cannot claim an Ontario Property Tax Credit. However, if this person is not an Old Age Security pensioner, he may still claim an Ontario Sales Tax Credit.
- A person eligible to receive the Property Tax Grant or Sales Tax Grant may still claim an Ontario Political Contribution Tax Credit through the income tax system.

ADDITIONAL FACTS

- Since rent receipts must be mailed with the applications, pensioners should make arrangements now to obtain these receipts from their landlords.
- Program information will be mailed to each Old Age Security pensioner in the Province after the legislation receives Royal Assent.
- Old Age Security pensioners who do not have occupancy costs are still eligible for the \$50 Sales Tax Grant.

INFORMATION

This information circular is intended to provide an overview of the proposed Ontario Property and Sales Tax Grants for Pensioners. Final details will be available after the legislation has been passed and can be obtained from the following address:

Ministry of Revenue
Guaranteed Income and Tax Credit Branch
Queen's Park
Toronto, Ontario
M7A 2B3

Or, telephone the Ministry's multilingual Information Centre free of charge:

Metro Toronto — 965-8470
Area Code 807 — Ask the Operator for Zenith 8-2000
All other areas — 1-800-268-7121

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